Executive Summary – Enforcement Matter – Case No. 47347 Gerdau Ameristeel US Inc. RN100226059 Docket No. 2013-1463-AIR-E

Order Type:

1660 Agreed Order

Findings Order Justification:

N/A

Media:

AIR

Small Business:

No

Location(s) Where Violation(s) Occurred:

Gerdau Ameristeel Beaumont, 100 Old Highway 90 West, Vidor, Orange County

Type of Operation:

Steel plant

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: December 20, 2013

Comments Received: No

Penalty Information

Total Penalty Assessed: \$12,301

Amount Deferred for Expedited Settlement: \$2,460 Amount Deferred for Financial Inability to Pay: \$0

Total Paid to General Revenue: \$4,921 **Total Due to General Revenue:** \$0

Payment Plan: N/A

SEP Conditional Offset: \$4,920

Name of SEP: Southeast Texas Regional Planning Commission

Compliance History Classifications:

Person/CN - Satisfactory Site/RN - Satisfactory

Major Source: Yes

Statutory Limit Adjustment: N/A

Applicable Penalty Policy: September 2011

Investigation Information

Complaint Date(s): N/A

Complaint Information: N/A

Date(s) of Investigation: May 28, 2013

Date(s) of NOE(s): July 25, 2013

Executive Summary – Enforcement Matter – Case No. 47347 Gerdau Ameristeel US Inc. RN100226059 Docket No. 2013-1463-AIR-E

Violation Information

- 1. Failed to monitor the differential pressure across Baghouse 2A (Emissions Point Number ("EPN") 2A) at least four times per hour for the period of May 31, 2012 through October 18, 2012 [30 Tex. Admin. Code §§ 116.115(c) and 122.143(4), Tex. Health & Safety Code § 382.085(b), New Source Review Permit No. 2448, Special Conditions No. 21B, and Federal Operating Permit ("FOP") No. 01281, Special Terms and Conditions ("STC") No. 9].
- 2. Failed to submit a deviation report no later than 30 days after the end of the reporting period. Specifically, the deviation report for the August 3, 2012 through February 2, 2013 reporting period was due by March 4, 2013, but was not submitted until May 23, 2013 [30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(C), Tex. Health & Safety Code § 382.085(b), and FOP No. O1281, General Terms and Conditions ("GTC")].
- 3. Failed to submit the permit compliance certification ("PCC") no later than 30 days after the end of the certification period. Specifically, the PCC for the February 3, 2012 through February 2, 2013 certification period was due by March 4, 2013, but was not submitted until May 28, 2013 [30 Tex. Admin. Code §§ 122.143(4) and 122.146(2), Tex. Health & Safety Code § 382.085(b), and FOP No. 01281, GTC and STC No. 14].

Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

Respondent has implemented the following corrective measures:

- a. On October 18, 2012, began monitoring the differential pressure across Baghouse 2A (EPN 2A) at least four times per hour;
- b. On May 23, 2013, submitted the deviation report for the reporting period from August 3, 2012 through February 2, 2013;
- c. On May 28, 2013, submitted the PCC for the certification period from February 3, 2012 through February 2, 2013; and
- d. By July 1, 2013, implemented an environmental compliance calendar to ensure that deviation reports and PCCs are submitted in a timely manner.

Technical Requirements:

The Order will require Respondent to implement and complete a Supplemental Environmental Project ("SEP"). (See SEP Attachment A)

Executive Summary – Enforcement Matter – Case No. 47347 Gerdau Ameristeel US Inc. RN100226059 Docket No. 2013-1463-AIR-E

Litigation Information

Date Petition(s) Filed: N/A Date Answer(s) Filed: N/A SOAH Referral Date: N/A Hearing Date(s): N/A Settlement Date: N/A

Contact Information

TCEQ Attorney: N/A

TCEQ Enforcement Coordinator: Rachel Bekowies, Enforcement Division,

Enforcement Team 4, MC 149, (512) 239-2608; Candy Garrett, Enforcement Division,

MC 219, (512) 239-1456

TCEO SEP Coordinator: Stuart Beckley, SEP Coordinator, Enforcement Division,

MC 219, (512) 239-3565

Respondent: Richard Anawate, Vice President / General Manager, Gerdau Ameristeel

US Inc., P.O. Box 3869, Beaumont, Texas 77704

Respondent's Attorney: N/A

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Attachment A Docket Number: 2013-1463-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	Gerdau Ameristeel US Inc.
Penalty Amount:	Nine Thousand Eight Hundred Forty-One Dollars (\$9,841)
SEP Amount:	Four Thousand Nine Hundred Twenty Dollars (\$4,920)
Type of SEP:	Contribution to a Third-Party Pre-Approved SEP
Third-Party Administrator:	Southeast Texas Regional Planning Commission - West Port Arthur Home Energy Efficiency Program
Location of SEP:	Texas Air Quality Control Region 106 - Southern Louisiana - Southeast Texas

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative penalty amount assessed in this Agreed Order for Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

1. Project Description

a. Project

Respondent shall contribute the SEP amount to the Third-Party Administrator named above. The contribution will be to the Southeast Texas Regional Planning Commission to be used for the West Port Arthur Home Energy Efficiency Program as set forth in the agreement between the Third-Party Administrator and the TCEQ. Specifically, the Performing Party shall use SEP funds to assist low-income residents in the West Port Arthur area by: 1) conducting home energy audits; 2) weatherizing homes to improve energy efficiency; and/or 3) repairing or replacing heating/cooling systems and major appliances with new, energy-efficient equipment. Weatherizing homes may include costs of caulking openings as well as insulating walls, floors, and attics in homes. Any heating/cooling systems or major appliances that are replaced must be scrapped and must not be reused in any way. The Performing Party shall use consistent and reliable criteria for determining the low-income status of residents assisted with SEP funds.

Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

b. Environmental Benefit

Implementation of this project will reduce residential fuel and electricity usage for heating and cooling. These reductions, in turn, will reduce emissions of particulate matter, volatile organic carbon compounds, and nitrogen oxides associated with the combustion of fuel and generation of electricity.

c. Minimum Expenditure

Respondent shall contribute at least the SEP amount to the Third-Party Administrator and comply with all other provisions of this SEP.

2. Performance Schedule

Within 30 days after the effective date of this Agreed Order, Respondent must contribute the SEP amount to the Third-Party Administrator. Respondent shall mail the contribution, with a copy of the Agreed Order to:

Southeast Texas Regional Planning Commission Bob Dickinson, Director Transportation and Environmental Resources Attention: SEP 2210 Eastex Freeway Beaumont, Texas 77703

3. Records and Reporting

Concurrent with the payment of the SEP amount, Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP amount to the Third-Party Administrator. Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division Attention: SEP Coordinator, MC 219 Texas Commission on Environmental Quality P.O. Box 13087 Austin, Texas 78711-3087

4. Failure to Fully Perform

If Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

Office of Legal Services Attention: SEP Coordinator, MC 175 Texas Commission on Environmental Quality P.O. Box 13088 Austin, Texas 78711-3088

Respondent shall also mail a copy of the check to the Enforcement Division SEP Coordinator at the address in Section 3 above.

5. Publicity

Any public statements concerning this SEP made by or on behalf of Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

6. Clean Texas Program

Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

7. Other SEPs by TCEQ or Other Agencies

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.

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Penalty Calculation Worksheet (PCW) PCW Revision August 3, 2011 Policy Revision 3 (September 2011) Assigned 29-Jul-2013 EPA Due 21-Apr-2014 6-Aug-2013 Screening 6-Aug-2013 **PCW** RESPONDENT/FACILITY INFORMATION Respondent Gerdau Ameristeel US Inc. Reg. Ent. Ref. No. RN100226059 Facility/Site Region 10-Beaumont Major/Minor Source Major CASE INFORMATION Enf./Case ID No. 47347 No. of Violations 3 Docket No. 2013-1463-AIR-E Order Type 1660 Government/Non-Profit No Media Program(s) Air Multi-Media Enf. Coordinator Rachel Bekowies EC's Team Enforcement Team 4 Admin. Penalty \$ Limit Minimum Maximum \$25,000 Penalty Calculation Section \$15,000 TOTAL BASE PENALTY (Sum of violation base penalties) Subtotal 1 ADJUSTMENTS (+/-) TO SUBTOTAL 1 Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage. **Compliance History** Subtotals 2, 3, & 7 \$1,050 7.0% Enhancement Enhancement for one NOV with similar violations and one NOV with a Notes dissimilar violation. Culpability 0.0% Enhancement Subtotal 4 \$0 No The Respondent does not meet the culpability criteria. Notes Subtotal 5 \$3,749 **Good Faith Effort to Comply Total Adjustments** Subtotal 6 \$0 **Economic Benefit** 0.0% Enhancement* *Capped at the Total EB \$ Amount Total EB Amounts \$42 \$2,250 Approx. Cost of Compliance

SUM OF SUBTOTALS 1-7

Notes

Notes

PAYABLE PENALTY

DEFERRAL

STATUTORY LIMIT ADJUSTMENT

OTHER FACTORS AS JUSTICE MAY REQUIRE

Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Deferral offered for expedited settlement.

Reduces or enhances the Final Subtotal by the indicated percentage.

\$12,301

\$12,301

\$12,301

-\$2,460

\$9,841

\$0

Final Subtotal

Final Penalty Amount

Final Assessed Penalty

Reduction

Adjustment

Adjustment

0.0%

20.0%

Screening Date 6-Aug-2013

Docket No. 2013-1463-AIR-E

Policy Revision 3 (September 2011) PCW Revision August 3, 2011

Respondent Gerdau Ameristeel US Inc.

Case ID No. 47347

Reg. Ent. Reference No. RN100226059

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

Compliance History Worksheet
>> Compliance History Site Enhancement (Subtotal 2)

Component	ory <i>Sit</i> e Enhancement (Subtotal 2) Number of	Enter Number Here	Adjust.	
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (number of NOVs meeting criteria)	1	5%	
	Other written NOVs	1	2%	
	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	0	0%	
Orders	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission		0%	
Judgments	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgements or consent decrees meeting criteria)	0	0%	
and Consent Decrees	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government		0%	
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%	
Emissions	Chronic excessive emissions events (number of events)	0	0%	
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted)		0%	
Muuis	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%	
		ease Enter Yes or No		
in the second	Environmental management systems in place for one year or more	No	0%	
Other	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%	
	Participation in a voluntary pollution reduction program	No	0%	
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%	
	Adjustment Per	rcentage (Sub	total 2)	
Repeat Violator (rcentage (Sub	total 3) [(
Compliance Histo	ory Person Classification (Subtotal 7)	- •	- 1-	
Satisfactory	Performer Adjustment Per	rcentage (Sub	total 7)	(
Compliance Histo	ory Summary			
Compliance History Notes	Enhancement for one NOV with similar violations and one NOV with a dissimil	ar violation.		
nal Compliance	Total Compliance History Adjustment Percentage (S	Subtotals 2, .	3, & 7)	7
	Final Adjustment Percent		processor transfer and appropriate the processor of the p	7

Screening Date		Docket I	No. 2013-1463-AIR-E	PCW
Respondent Case ID No.	Gerdau Ameristeel US Inc.			Policy Revision 3 (September 2011) PCW Revision August 3, 2011
Reg. Ent. Reference No.				ren kevision August 3, 2011
Media [Statute]				VIOLENANTE
Enf. Coordinator				
Violation Number	20 - 1 - 2 - 2	16 11E(a) and 122 1/	12(4) Toy Health & Cafet	v Codo Sal
Rule Cite(s)	382.085(b), New Source R			
		nit ("FOP") No. 01281	L, Special Terms and Cond	
Apparations.		("STC") No. 9		
37. Tarantanan	100 (100 (100 (100 (100 (100 (100 (100			
Violation Description			oss Baghouse 2A (Emission ie period of May 31, 2012	
		October 18, 20		
2000 Paris				
-			_	105.000
A programme of the control of the co			Base	Penalty \$25,000
>> Environmental, Proper	ty and Human Health Harm	n Matrix		Single Control of the
Release	Major Moderate	Minor		· Participation
OR Actual			generations	·
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>>Programmatic Matrix				от поставления и поста
Falsification	Major Moderate	Minor		The second secon
			Percent 0.0%	
Human heal	th or the environment will o	r could be exposed to	significant amounts of po	llutants
	not exceed levels that are pr	otective of human he		
Notes	a res	sult of the violation.		
			Adjustment	\$21,250
				\$3,750
Violation Events				
Number of \	Violation Events 2	5 14	0 Number of violation of	lavs
READON PROPERTY.				a verification of the second o
vocani	daily weekly			·
10 VI	monthly			The state of the s
mark only one with an x	quarterly x		Violation Base	Penalty \$7,500
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	annual single event			er de la companya de
	I chight control	<u> </u>		
I wo quarterly	events are recommended for	or the period or May a	11, 2012 through October	18, 2012.
L				
Good Faith Efforts to Com	ply 25.0% Before NOV	Reduction NOV to EDPRP/Settlem	ent Offer	\$1,875
	Extraordinary			A STATE OF THE STA
The second secon	Ordinary x			·
***************************************	N/A	(mark with x)		NAME OF THE PARTY
The second secon	The state of the s	spondent completed (8, 2012, prior to the	corrective actions on July 25, 2013 Notice of	absolution may be a few or a f
roomman rate		Enforcement ("	ara i 💯 sa mara in 👪 .	elizable secure de la companya de la
received	hand and a second secon		Violation	Subtotal \$5,625
	*** ***			
Economic Benefit (EB) for			Statutory Limit	rest
Estimate	ed EB Amount	\$38	Violation Final Pena	ity Total \$6,150
	This vic	lation Final Assess	ed Penalty (adjusted fo	r limits) \$6,150

	E	conomic	Benefit	Wo	rksheet		
Respondent	Zilvanomin vinden i nadri i natari nichterin i naturi i nicht der	plantelitik bilande i farit i	**************************************	ar a seight of the seight of t	** to respect (60%), T. C. S. C. H. H. H. S. C. H. S. C. H. S.		
Case ID No.	47347						
Rea. Ent. Reference No.	RN100226059	+					
Media	#						Years of
Violation No.	8					Percent Interest	Depreciation
violation no.	-					5.0	. 15
	Thom Cost	Date Beguland	Einel Date	Ven	Interest Saved	Onetime Costs	EB Amount
		Date Required	Final Date	113	Titlerest Saveu	Oneume Costs	EB AIIIOUIIL
Item Description	No commas or \$						
Delayed Costs		γ		1000	40		40
Equipment				0.00	\$0 \$0	\$0 #0	\$0 *0
Buildings				0.00	\$0 \$0	\$0 \$0	\$0 \$0
Other (as needed) Engineering/construction				0.00	\$0 \$0	\$0 \$0	\$0 \$0
Engineering/construction Land		200000000000000000000000000000000000000		0.00	\$0 \$0	n/a	\$0 \$0
Record Keeping System		32000		0.00	\$0	n/a	\$0 \$0
Training/Sampling		480000000000000000000000000000000000000		0.00	\$0	n/a	\$0
Remediation/Disposal		CONTRACTOR OF THE		0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$2,000	31-May-2012	18-Oct-2012	0.38	\$38	n/a	\$38
Notes for DELAYED costs	at least four	times per hour. T	he Date Requir dat	ed is the e of co	e first date of non mpliance.	ntial pressure acros compliance. The Fir	nal Date is the
Avoided Costs	ANNUAL	IZE [1] avoided	costs before	enterir	ng item (except	for one-time avoid	ded costs)
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling		(4.7.5)		0.00	\$0	\$0	\$0
Supplies/equipment				0.00	*> \$0	\$0	\$0
Financial Assurance [2]		12.375.2650.00	v / e . v . e & . j . e & . j . e . j	0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0 \$0	\$0 \$0	\$0 \$0
Other (as needed)				0.00	<u>50</u>	<u>5U</u>	30
Notes for AVOIDED costs							
Approx. Cost of Compliance		\$2,000			TOTAL		\$38

Screening Date Respondent		PCW sion 3 (September 2011)
Case ID No.	47347 PCW	Revision August 3, 2011
Reg. Ent. Reference No. Media [Statute]		nuovodotetabeet
Enf. Coordinator	Rachel Bekowies	overweisstocks
Violation Number Rule Cite(s)		un-conference of the conference of the conferenc
	30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(C), Tex. Health & Safety Code § 382.085(b), and FOP No. O1281, General Terms and Conditions ("GTC")	
Violation Description	Failed to submit a deviation report no later than 30 days after the end of the reporting period. Specifically, the deviation report for the August 3, 2012 through February 2, 2013 reporting period was due by March 4, 2013, but was not submitted until May 23, 2013.	
	Base Penalty	\$25,000
>> Environmental, Proper	ty and Human Health Matrix	
Release	Harm Major Moderate Minor	OCIDIO PARAMENTA
OR Actual		
Potential	Percent 0.0%	A constraint of the constraint
>>Programmatic Matrix	Major Moderate Minor	Trepresentation of the Contraction of the Contracti
Falsification	Major Moderate Minor x Percent 15.0%	and a second sec
Particular and the second seco		1
Matrix	100% of the rule requirement was not met.	
Notes		
	Adjustment \$21,250	
		\$3,750
Violation Events		
violation Events		**************************************
Number of \	Violation Events 1 119 Number of violation days	
mark only one with an x	daily weekly monthly quarterly semiannual annual single event	\$3,750
		dispersion of the second
	One single event is recommended.	Annual control of the
Good Faith Efforts to Com	ply 25.0% Reduction	\$937
	Before NOV NOV to EDPRP/Settlement Offer Extraordinary	of temperature and
	Ordinary x	And A million of the state of t
TO CONTRACT OF THE PROPERTY OF	N/A (mark with x)	OSTOROTORY
	Notes The Respondent completed corrective actions by July 1, 2013, prior to the July 25, 2013 NOE.	
	Violation Subtotal	\$2,813
Economic Benefit (EB) for	this violation Statutory Limit Test	
Estimat	ed EB Amount \$4 Violation Final Penalty Total	\$3,076
	This violation Final Assessed Penalty (adjusted for limits)	\$3,076

	E	conomic I	Benefit	Wo	rksheet	Artifection (S	
Respondent			45 148 44 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	- 1. 160 E 160	## 1947/2004 British (1966/1920) Standard (1964/2012) 1944-1995 (1965/2013)	A CONTRACTOR OF THE PROPERTY O	au
Case ID No.							
Reg. Ent. Reference No.	RN100226059)					
Media						Percent Interest	Years of
Violation No.	¥					Percent Interest	Depreciation
Violation (Vo.						5.0	15
	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Item Description	No commas or \$	200					
Delayed Costs				1			
Equipment				0.00	\$0	\$0	\$0
Buildings	4		200-2003/00/2007	0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0 \$0
Land			0.000.000.000.000	0.00	\$0 \$0	n/a n/a	\$0 \$0
Record Keeping System				0.00	\$0 \$0	n/a	\$0 \$0
Training/Sampling		+		0.00	\$0 \$0	n/a	50 50
Remediation/Disposal	10.000.000.000.000	1		0.00	\$0	n/a	\$0
Permit Costs Other (as needed)	\$250	4-Mar-2013	1-Jul-2013	0.33	\$4	n/a	\$4
Notes for DELAYED costs	an environme Required i	ental compliance co is the date the rep	alendar to ensu oort and certifica	re time ition w	ly submittals of the ere due. The Final	ertification ("PCC") a ese reports in the fu Date is the date of	iture. The Date compliance.
Avoided Costs	ANNUAL	IZE [1] avoided	costs before	enteri	ng item (except	for one-time avoid	
Disposal	- 7.00			0.00	\$0	\$0	\$0
Personnel	45 1.75 A.O. V. V. B.			0.00	\$0	\$0	\$0
nspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment	100000			0.00	\$0	\$0	\$0
Financial Assurance [2]		7.5		0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]			200 Sept. 100 Se	0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Notes for AVOIDED costs							
						CONTROL CONTROL	

Screening Date	_	Docket N	io. 2013-1463-AIR-E	PCW
2000	Gerdau Ameristeel US Inc.			Policy Revision 3 (September 2011)
Case ID No.				PCW Revision August 3, 2011
Reg. Ent. Reference No. Media [Statute]				***
Enf. Coordinator				Winner
Violation Number				ZO AND
Rule Cite(s)	30 Tex. Admin. Code §§ 1	22.143(4) and 122.14	6(2) Tex Health & Safet	v Code 8
		and FOP No. 01281, 0		
				100 C
Violation Description	Failed to submit the PCC period. Specifically, the F certification period was du	PCC for the February 3,	2012 through February It was not submitted unt	2, 2013
>> Environmental, Proper	ty and Human Healtl	ı Matriy	Das	# Felialty
>> Environmental, Proper	t y and numan ne ard Harm	I Matrix		avening the state of the state
Release	Major Moderate	<u>Minor</u>		устинен
OR Actual			·	A CONTRACTOR OF THE CONTRACTOR
Potential	EARTH (MARKET)		Percent 0.0%	
>>Programmatic Matrix				NATIONAL
	Moderate	Minor		Vaniferani
	X	Part of the control o	Percent 15.0%	
Back sames and a company of				58500000-08-08-0
Matrix	100% of the r	ule requirement was n		
Notes	100 % of the t	die requirement was in	ocniec	
(C. 1. 2. 1. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2.				
			Adjustment	\$21,250
·				¢3.750
				\$3,750
Violation Events				
PACAGO PA	,	ms)		_
Number of \	/iolation Events 1		Number of violation	days
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vanishing of the state of the s	weekly			· virtual
mark only one	monthly			of participation of the control of t
mark only one with an x	quarterly		Violation Bas	e Penalty \$3,750
-	semiannual	**************************************		
TO CONTRACT TO CON	annual x	<u>3</u>		- Constitution
resources				отномуще
				AND THE PARTY OF T
	One single	e event is recommende	:d.	
Good Faith Efforts to Comp	oly 25.0%	6 Reduction		\$937
	Before NOV	NOV to EDPRP/Settlemen	t Offer	
distance	Extraordinary		7)	VOMPRINA
-	Ordinary x			· ·
vertica	N/A	(mark with x)	Water the second of the second	Villadian
**************************************	MOLECH	ndent completed corre	The sale of the sa	
**************************************	2	013, prior to the July 2	5, 2013 NOE.	dandende
**************************************	Paradoli, and paradoli and a second		Violation	Subtotal #2.012
Economic Benefit (EB) for	this violation			-
	4	40]	Statutory Limit	
Estimate	ed EB Amount	\$0]	Violation Final Pena	sity Total \$3,076
	This vi	olation Final Assesse	ed Penalty (adjusted fo	or limits) \$3,076

	E	conomic	Benefit	Wo	rksheet		100000
Respondent	Gerdau Ameri	steel US Inc.	0.00000 (1000000 (1000000 (1000000000000				
Case ID No.							
Rea. Ent. Reference No.		1					
Media							Years of
						Percent Interest	Depreciation
Violation No.	3					F 0	15
					4.0	5.0	
	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Item Description	No commas or \$				F-12-27-3		D.
		\$4000000000000000000000000000000000000	Colores Marion Anna Visita				
Delayed Costs							
Equipment		1000 CO		0.00	\$0	\$0	\$0
Buildings		253377.7		0.00	\$0	\$0	\$0
Other (as needed)	P-04-200-1000-000-000-000-000-000-000-000-00			0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System			26 (SZE 24 M) (SZE 22	0.00	\$0	n/a	\$0
Training/Sampling	0.0000000000000000000000000000000000000	\$ \$600.00 A	PP 12 (147, 3, 1881)	0.00	\$0	n/a	\$0
Remediation/Disposal	10 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			0.00	\$0	n/a .	\$0
Permit Costs	100 (400) (400) (400)	0.000		0.00	\$0	n/a	\$0
Other (as needed)		9/2003 (Capacity Access-965)		0.00	\$0	n/a	\$0
Notes for DELAYED costs					t for Violation No.	2. for one-time avoi	ded costs)
Avoided Costs	ANNUAL	IZE [1] avoided	costs before	0.00	so so	\$0	\$0
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment		0 8 1 9 1 8 1 8 1 8 1 8 1 8 1 8 1 8 1 8 1		0.00	\$0	\$0	\$0
Financial Assurance [2] ONE-TIME avoided costs [3]		0.0000000000000000000000000000000000000		0.00	\$0	\$0	\$0
Other (as needed)		an Mariana (Andréal a Principal Andréa		0.00	\$0	\$0	\$0
Other (as needed)							
Notes for AVOIDED costs							
Approx. Cost of Compliance		\$0			TOTAL		\$0

To request a more accessible version of this report, please contact the TCEQ Help Desk at (512) 239-4357.



Compliance History Report

PUBLISHED Compliance History Report for CN602744187, RN100226059, Rating Year 2012 which includes Compliance History (CH) components from September 1, 2007, through August 31, 2012.

Customer, Respondent, or CN602744187, Gerdau Ameristeel US Inc. Classification: SATISFACTORY Rating: 0.33 Owner/Operator: RN100226059, GERDAU AMERISTEEL Regulated Entity: Classification: SATISFACTORY Rating: 0.43 BEAUMONT **Complexity Points:** 21 Repeat Violator: 14 - Other CH Group: 100 OLD HIGHWAY 90 WEST VIDOR, TEXAS 77662-4830, ORANGE COUNTY Location: **REGION 10 - BEAUMONT** TCEQ Region: ID Number(s): AIR OPERATING PERMITS ACCOUNT NUMBER OC0011S **AIR OPERATING PERMITS PERMIT 1281 AIR OPERATING PERMITS PERMIT 1281 POLLUTION PREVENTION PLANNING ID NUMBER P00473 WASTEWATER EPA ID TX0067695** WASTEWATER PERMIT WQ0001971000 **AIR NEW SOURCE PERMITS AFS NUM 4836100016 AIR NEW SOURCE PERMITS PERMIT 2448 AIR NEW SOURCE PERMITS ACCOUNT NUMBER OC0011S AIR NEW SOURCE PERMITS PERMIT 3726 AIR NEW SOURCE PERMITS REGISTRATION 52162 AIR NEW SOURCE PERMITS REGISTRATION 54413 AIR NEW SOURCE PERMITS REGISTRATION 56165 AIR NEW SOURCE PERMITS REGISTRATION 82427 AIR NEW SOURCE PERMITS REGISTRATION 82455 AIR NEW SOURCE PERMITS REGISTRATION 102645 AIR NEW SOURCE PERMITS REGISTRATION 112031 AIR NEW SOURCE PERMITS REGISTRATION 109724 AIR NEW SOURCE PERMITS REGISTRATION 112032 PUBLIC WATER SYSTEM/SUPPLY REGISTRATION 1810050 IHW CORRECTIVE ACTION SOLID WASTE REGISTRATION #** PETROLEUM STORAGE TANK REGISTRATION REGISTRATION (SWR) 31237 AIR EMISSIONS INVENTORY ACCOUNT NUMBER OC0011S INDUSTRIAL AND HAZARDOUS WASTE SOLID WASTE REGISTRATION # (SWR) 31237 INDUSTRIAL AND HAZARDOUS WASTE EPA ID TXD990796351 09/01/2012 September 01, 2007 to August 31, 2012 **Compliance History Period:** Rating Year: 2012 Rating Date: **Date Compliance History Report Prepared:** July 30, 2013 Agency Decision Requiring Compliance History: Enforcement July 30, 2008 to July 30, 2013 **Component Period Selected:** TCEQ Staff Member to Contact for Additional Information Regarding This Compliance History. Name: Rachel Bekowies Phone: (512) 239-2608

Site and Owner/Operator History:

1) Has the site been in existence and/or operation for the full five year compliance period?

Components (Multimedia) for the Site Are Listed in Sections A - J

YES

2) Has there been a (known) change in ownership/operator of the site during the compliance period?

NO

3) If YES for #2, who is the current owner/operator?

N/A

4) If YES for #2, who was/were the prior

N/A

owner(s)/operator(s)?

5) If **YES**, when did the change(s) in owner or operator occur?

N/A

A. Final Orders, court judgments, and consent decrees:

N/A

B. Criminal convictions:

N/A

C. Chronic excessive emissions events:

N/A

D. The approval dates of investigations (CCEDS Inv. Track. No.):

The	approval	dates of investigations	(CCEDS In
Item	1	August 11, 2008	(713765)
Item	2	August 25, 2008	(713764)
Item	3	August 26, 2008	(700286)
Item	4	October 01, 2008	(729782)
Item	5	December 01, 2008	(729783)
Item	6	December 29, 2008	(729785)
Item	7	February 23, 2009	(752997)
Item	8	March 23, 2009	(752998)
Item	9	May 22, 2009	(811498)
Item	10	June 23, 2009	(811499)
Item	11	August 20, 2009	(811500)
Item	12	September 02, 2009	(811502)
Item	13	September 22, 2009	(811501)
Item	14	October 01, 2009	(764953)
Item	15	November 23, 2009	(811503)
Item	16	December 21, 2009	(811504)
Item		January 22, 2010	(811505)
Item		February 19, 2010	(811497)
Item		March 23, 2010	(833237)
Item		April 23, 2010	(833238)
Item		May 24, 2010	(833239)
Item		June 23, 2010	(847005)
Item		July 22, 2010	(861489)
Item		July 31, 2010	(830245)
Item		September 22, 2010	(874731)
Item		October 22, 2010	(882319)
Item		December 17, 2010	(897131)
		·	(909913)
Item		February 17, 2011	
Item		March 24, 2011	(917154)
Item		April 18, 2011	(927515)
Item		May 26, 2011	(938848)
Item		June 23, 2011	(946222)
Item		September 22, 2011	(966174)
Item		October 14, 2011	(972196)
Item		November 21, 2011	(978355)
Item		December 27, 2011	(985157)
Item		January 23, 2012	(991434)
Item		February 24, 2012	(998791)
Item		March 22, 2012	(1004317)
Item		April 23, 2012	(1010879)
Item		May 22, 2012	(1017252)
Item		June 25, 2012	(1025038)
Item	43	July 23, 2012	(1032390)
Item	44	August 03, 2012	(1021422)
Item	45	August 24, 2012	(1038812)
Item	46	August 28, 2012	(1023535)
Item	47	September 24, 2012	(1047704)
Item	48	October 25, 2012	(1065304)
Item	49	November 26, 2012	(1065305)
Item	50	December 27, 2012	(1065306)
Item	51	January 25, 2013	(1080795)
Item	52	February 22, 2013	(1058533)
Item	53	February 27, 2013	(1080794)

Published Compliance History Report for CN602744187, RN100226059, Rating Year 2012 which includes Compliance History (CH) components from July 30, 2008, through July 30, 2013.

Item 54

March 25, 2013

(1090173)

Item 55

April 19, 2013

(1096551)

E. Written notices of violations (NOV) (CCEDS Inv. Track. No.):

A notice of violation represents a written allegation of a violation of a specific regulatory requirement from the commission to a regulated entity. A notice of violation is not a final enforcement action, nor proof that a violation has actually occurred.

1

Date:

06/27/2013 NO

(1100338)

CN602744187

Classification:

Moderate

Self Report? Citation:

EL&MR, No. 1, Pg. 2 PERMIT

Description:

Failure by Gerdau Ameristeel to record flow from Outfall 001 on a continuous basis.

Self Report?

NO

Classification:

Moderate

Citation:

Description:

D&SPC, No. 3(A), Pg. 4 PERMIT

Failure by Gerdau Ameristeel to collect a composite sample made up of a minimum of

three effluent portions collected in a continuous 24-hour period combined in volumes

proportional to flow.

2

Date:

07/25/2013

(1078736)

CN602744187

Classification: Moderate

Citation:

Self Report? NO

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b) FOP O-1281 CAMS limit PERMIT FOP 0-1281 ST&C PERMIT

Description:

Failure to comply with 2007 CAM limit on the number of bags replaced in a 24 hour

period.

Self Report?

NO

Classification:

Classification:

Classification:

Moderate

Moderate

Moderate

Citation:

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b) FOP O-1281 CAMS PERMIT FOP O-1281 ST&C 7 PERMIT

Description:

Citation:

Failure to conduct a monthly baghouse opacity evaluation for January 2011, February

2012 - July 2012.

Self Report?

30 TAC Chapter 116, SubChapter B 116.115(b)

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b) FOP O-1281 SC 10 PERMIT NSR Permit 2448 SC 21C PERMIT

Description:

Failure to accurately record pressure of LRF Baghouse daily.

Self Report?

Classification: Moderate

Citation:

30 TAC Chapter 116, SubChapter B 116.115(b) 30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b) FOP 0-1281 SC 10 PERMIT NSR 2448 SC 22 PERMIT

Description: Failure to report the monitoring equipment malfunction to the TCEQ.

Self Report?

30 TAC Chapter 116, SubChapter B 116.115(b)

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b)

FOP O-1281 1A PERMIT FOP 0-1281 SC 10 OP NSR 2448 SC 2 PERMIT

Description:

Citation:

Failure to submit a semiannual report required by 40 CFR Part 63 YYYYY.

Environmental audits:

G. Type of environmental management systems (EMSs):

N/A

H. Voluntary on-site compliance assessment dates:

N/A

Participation in a voluntary pollution reduction program:

J. Early compliance: N/A

Sites Outside of Texas:

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN	8	BEFORE THE
ENFORCEMENT ACTION	§	
CONCERNING	§	TEXAS COMMISSION ON
GERDAU AMERISTEEL US INC.	§	
RN100226059	§	ENVIRONMENTAL QUALITY

AGREED ORDER DOCKET NO. 2013-1463-AIR-E

I. JURISDICTION AND STIPULATIONS

On _______, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Gerdau Ameristeel US Inc. ("Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent together stipulate that:

- 1. The Respondent owns and operates a steel plant at 100 Old Highway 90 West in Vidor, Orange County, Texas (the "Plant").
- 2. The Plant consists of one or more sources as defined in Tex. Health & Safety Code § 382.003(12).
- 3. The Executive Director and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
- 4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about July 30, 2013.
- 5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
- 6. An administrative penalty in the amount of Twelve Thousand Three Hundred One Dollars (\$12,301) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Four Thousand Nine Hundred Twenty-One Dollars (\$4,921) of the administrative penalty and Two Thousand Four

Hundred Sixty Dollars (\$2,460) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty. Four Thousand Nine Hundred Twenty Dollars (\$4,920) shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project ("SEP").

- 7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
- 8. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 Tex. ADMIN. CODE § 70.10(a).
- 9. The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Plant:
 - a. On October 18, 2012, began monitoring the differential pressure across Baghouse 2A (Emissions Point Number ("EPN") 2A) at least four times per hour;
 - b. On May 23, 2013, submitted the deviation report for the reporting period from August 3, 2012 through February 2, 2013;
 - c. On May 28, 2013, submitted the permit compliance certification ("PCC") for the certification period from February 3, 2012 through February 2, 2013; and
 - d. By July 1, 2013, implemented an environmental compliance calendar to ensure that deviation reports and PCCs are submitted in a timely manner.
- 10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
- 11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
- 12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Plant, the Respondent is alleged to have:

1. Failed to monitor the differential pressure across Baghouse 2A (EPN 2A) at least four times per hour for the period of May 31, 2012 through October 18, 2012, in violation of

Gerdau Ameristeel US Inc. DOCKET NO. 2013-1463-AIR-E Page 3

30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), New Source Review Permit No. 2448, Special Conditions No. 21B, and Federal Operating Permit ("FOP") No. 01281, Special Terms and Conditions ("STC") No. 9, as documented during an investigation conducted on May 28, 2013.

- 2. Failed to submit a deviation report no later than 30 days after the end of the reporting period, in violation of 30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(C), Tex. Health & Safety Code § 382.085(b), and FOP No. O1281, General Terms and Conditions ("GTC"), as documented during an investigation conducted on May 28, 2013. Specifically, the deviation report for the August 3, 2012 through February 2, 2013 reporting period was due by March 4, 2013, but was not submitted until May 23, 2013.
- 3. Failed to submit the PCC no later than 30 days after the end of the certification period, in violation of 30 Tex. Admin. Code §§ 122.143(4) and 122.146(2), Tex. Health & Safety Code § 382.085(b), and FOP No. O1281, GTC and STC No. 14, as documented during an investigation conducted on May 28, 2013. Specifically, the PCC for the February 3, 2012 through February 2, 2013 certification period was due by March 4, 2013, but was not submitted until May 28, 2013.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Gerdau Ameristeel US Inc., Docket No. 2013-1463-AIR-E" to:

Financial Administration Division, Revenue Operations Section Attention: Cashier's Office, MC 214 Texas Commission on Environmental Quality P.O. Box 13088 Austin, Texas 78711-3088

2. The Respondent shall implement and complete a SEP in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6 above, Four Thousand Nine Hundred Twenty Dollars (\$4,920) of the assessed administrative penalty shall be offset with the condition that the SEP defined in Attachment A, incorporated herein by reference, is implemented by the Respondent. The Respondent's obligation to pay the conditionally offset portion of the administrative penalty assessed shall be discharged upon final completion of all provisions of the SEP agreement.

- 3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
- 4. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
- 5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
- 6. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
- 7. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
- 8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier.

Gerdau Ameristeel US Inc. DOCKET NO. 2013-1463-AIR-E Page 5

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission	
Hacy Mille La Ramer Garcia For the Executive pirector	1. 9.14 Date
agree to the attached Agreed Order on behalf of	the attached Agreed Order. I am authorized to of the entity indicated below my signature, and therein. I further acknowledge that the TCEQ, in aterially relying on such representation.
 and/or failure to timely pay the penalty amount A negative impact on compliance history Greater scrutiny of any permit application Referral of this case to the Attorney of additional penalties, and/or attorney fee Increased penalties in any future enforces 	y; ons submitted; General's Office for contempt, injunctive relief es, or to a collection agency; ement actions; heral's Office of any future enforcement actions by law.
Ryman at E Signature	Nov 04, 2013
RICARDO ANAME Name (Printed or typed) Authorized Representative of	Ricardo Anawate Vice President/General Mgr. Gerdau Title Beaumont Mile
Gerdau Ameristeel US Inc.	

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenue Operations Section at the address in Section IV, Paragraph 1 of this Agreed Order.

Attachment A Docket Number: 2013-1463-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	Gerdau Ameristeel US Inc.
Penalty Amount:	Nine Thousand Eight Hundred Forty-One Dollars (\$9,841)
SEP Amount:	Four Thousand Nine Hundred Twenty Dollars (\$4,920)
Type of SEP:	Contribution to a Third-Party Pre-Approved SEP
Third-Party Administrator:	Southeast Texas Regional Planning Commission - West Port Arthur Home Energy Efficiency Program
Location of SEP:	Texas Air Quality Control Region 106 - Southern Louisiana - Southeast Texas

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative penalty amount assessed in this Agreed Order for Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

1. Project Description

a. Project

Respondent shall contribute the SEP amount to the Third-Party Administrator named above. The contribution will be to the Southeast Texas Regional Planning Commission to be used for the West Port Arthur Home Energy Efficiency Program as set forth in the agreement between the Third-Party Administrator and the TCEQ. Specifically, the Performing Party shall use SEP funds to assist low-income residents in the West Port Arthur area by: 1) conducting home energy audits; 2) weatherizing homes to improve energy efficiency; and/or 3) repairing or replacing heating/cooling systems and major appliances with new, energy-efficient equipment. Weatherizing homes may include costs of caulking openings as well as insulating walls, floors, and attics in homes. Any heating/cooling systems or major appliances that are replaced must be scrapped and must not be reused in any way. The Performing Party shall use consistent and reliable criteria for determining the low-income status of residents assisted with SEP funds.

Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

b. Environmental Benefit

Implementation of this project will reduce residential fuel and electricity usage for heating and cooling. These reductions, in turn, will reduce emissions of particulate matter, volatile organic carbon compounds, and nitrogen oxides associated with the combustion of fuel and generation of electricity.

c. Minimum Expenditure

Respondent shall contribute at least the SEP amount to the Third-Party Administrator and comply with all other provisions of this SEP.

2. Performance Schedule

Within 30 days after the effective date of this Agreed Order, Respondent must contribute the SEP amount to the Third-Party Administrator. Respondent shall mail the contribution, with a copy of the Agreed Order to:

Southeast Texas Regional Planning Commission Bob Dickinson, Director Transportation and Environmental Resources Attention: SEP 2210 Eastex Freeway Beaumont, Texas 77703

3. Records and Reporting

Concurrent with the payment of the SEP amount, Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP amount to the Third-Party Administrator. Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division Attention: SEP Coordinator, MC 219 Texas Commission on Environmental Quality P.O. Box 13087 Austin, Texas 78711-3087

4. Failure to Fully Perform

If Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

Office of Legal Services Attention: SEP Coordinator, MC 175 Texas Commission on Environmental Quality P.O. Box 13088 Austin, Texas 78711-3088

Respondent shall also mail a copy of the check to the Enforcement Division SEP Coordinator at the address in Section 3 above.

5. Publicity

Any public statements concerning this SEP made by or on behalf of Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

6. Clean Texas Program

Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

7. Other SEPs by TCEQ or Other Agencies

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.